

Date Mailed October 17, 2001

BEFORE THE

PUBLIC SERVICE COMMISSION OF WISCONSIN

Application for Authorization of an Affiliated Interest
Agreement Between Wisconsin Gas Company, Wisconsin
Electric Power Company and Kaztex Energy Management
Inc.

05-AU-104

**NOTICE OF PROCEEDING
AND
INVESTIGATION AND ASSESSMENT OF COSTS**

THIS IS A PROCEEDING pursuant to Wis. Stat. § 196.52, to consider the application of Wisconsin Electric Power Company (WEPCO) and Wisconsin Gas Company (WGC) for approval of an affiliated interest agreement with Kaztex Energy Management Inc. (Katzex).

WEPCO and WGC are wholly owned public utility subsidiaries of Wisconsin Energy Corporation (WEC), a Wisconsin holding company. Katzex is a Wisconsin corporation engaged in, among other things, the sale and purchase of natural gas commodity and/or pipeline capacity. WISVEST Corporation (WISVEST) owns a majority interest in Katzex. WISVEST is a wholly owned subsidiary of WEC and a non-utility affiliate of WEPCO and WGC. WEC, WISVEST, WEPCO, WGC and Katzex are affiliated interests as defined in Wis. Stat. § 196.52.

The proposed affiliated interest agreement enables WEPCO, WGC and Katzex to engage in various transactions related to the purchase and sale of natural gas and/or capacity, as long as those transactions are on a non-preferential and non-discriminatory basis and are subject to the Natural Gas Standards of Conduct. The agreement further permits WEPCO and WGC to provide tariffed and other services to Katzex.

NOTICE IS GIVEN that the Commission considers it necessary, in order to carry out its duties, to investigate all books, accounts, practices, and activities of the applicant. The expenses incurred or to be incurred by the Commission which are reasonably attributable to such an investigation will be assessed against and collected from the applicant in accordance with the provisions of Wis. Stat. § 196.85 and Wis. Admin. Code ch. PSC 5.

The Commission does not discriminate on the basis of disability in the provision of programs, services, or employment. Any person with a disability who needs accommodations to participate in this proceeding or who needs to obtain this document in a different format should contact the docket coordinator listed below.

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Questions from the media may be directed to Jeffrey L. Butson, Public Affairs Director at (608) 267-0912.

Questions regarding this matter may be directed to docket coordinator Jodee J. Bartels at (608) 267-9859.

Dated at Madison, Wisconsin, _____

By the Commission:

Lynda L. Dorr
Secretary to the Commission

LLD:JJB:pr:g:\notice\pending\05-AU-104 investigation costs